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SUMMARY

Agenda Item: D

Czechoslovakia

SOME PROBLEMS OF EFFECTIVENESS OF INVESTMENTS IN INDUSTRY

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Some Problems of Effectivity of Investments in Industry

by

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(1) A speedy increase in the standard of living of the population of economically underdeveloped countries may be achieved through industrialisation which ensures the increase of employment as well as putting more means of production at the disposal of the workers thus making possible a more intensive use of the natural resources and power supply, which is a necessary condition for the increase in the production of material goods necessary for satisfying the needs of every member of society.

(2) Industrialisation of economically underdeveloped countries is a historically necessary process which may be purposefully brought about by a suitably chosen intensity and structure of investment construction.

(3) Effectivity of investments may be judged from various view points. Important for judging effectivity of investments is the demand of an increase in the allocations made to personal and social consumption per head of population. A maximum increase in the allocation for consumption per head of population per unit of time, while this increase remains continuous in this case means the maximum effectivity of investments.

(4) Effectivity of investments in the period of industrialisation which is accompanied by a quick increase in the physical volume of erected plants has its lawful stages. The length of these stages in which changes in effectivity of investments during industrialisation occur depends on the structure of sectors of investments. The structure of sectors of investments depends on social needs, natural conditions and also on the amount of means a certain country has at its disposal. The construction of light engineering is accompanied by a relatively higher effectivity of investments, i.e. a speedier and earlier increase in the standard of living of the population. The construction of heavy industry is "more difficult", as effectivity of investments measured by the increase in the standard of living of the population becomes noticeable after a longer period of time, but its need is clearly expressed after a certain time.

(5) This is why from the point of view of ensuring a continuous increase in the standard of living of society during industrialisation also over a long period of time it is necessary to choose a suitable combination of the branches producing consumer goods on the one hand as well as means of production on the other.

(6) Using the example of industrialisation in the Czechoslovak Socialist Republic in the years 1948 to 1960, a country which set out on the road to socialist construction with an already considerably developed industry we give an illustration of the considerable influence of industrialisation on the structure of national economy and the increase in the standard of living of the population mainly in those areas that are economically less developed.

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